

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2006

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
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GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Provo City/Utah County Ice Sheet Authority

November 14, 2006

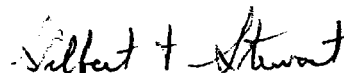
We have audited the accompanying financial statements of the business-type activities of Provo City/Utah County Ice Sheet Authority (Ice Sheet Authority) as of and for the year ended June 30, 2006, which comprise the Ice Sheet Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Provo City/Utah County Ice Sheet Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Provo City/Utah County Ice Sheet Authority as of June 30, 2006, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2006 on our consideration of Provo City/Utah County Ice Sheet Authority's internal control over financial reporting and on our test of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 5 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



GILBERT & STEWART
Certified Public Accountants

Management's Discussion and Analysis

As management of the Provo City/Utah County Ice Sheet Authority (Ice Sheet Authority), we offer readers of the Ice Sheet Authority's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2006. The reader is encouraged to consider the information presented here in conjunction with the independent auditors report.

HISTORY AND BACKGROUND

The Ice Sheet Authority was formed for the purpose of providing funding, construction, joint use, control and operation of an ice sheet facility in Provo City, Utah County, Utah. The Ice Sheet Authority entered into a Development Agreement with Seven Peaks under which Seven Peaks designed and constructed the Ice Sheet under the direction and control of the Ice Sheet Authority.

Financial Highlights

- The Ice Sheet Authority's net assets increased \$155,940 over the prior year as a result of non-operating income exceeding the operating loss.
- At the close of the current fiscal year, the assets of the Ice Sheet Authority exceeded its liabilities by \$6,853,546. Of this amount, \$487,315 (unrestricted net assets) may be used to meet the ongoing obligations to citizens and creditors.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and Statement of Cash Flows provide information about the activity of the Ice Sheet Authority and present a longer-term view of the Ice Sheet Authority's finances. Since the Ice Sheet Authority is operated as an enterprise fund, there are no fund statements presented because all operations are reported using the accrual method of accounting.

Reporting the Ice Sheet Authority as a Whole

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets report information about the Ice Sheet Authority as a whole and about its activities in a way that helps determine if the Ice Sheet Authority is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the Ice Sheet Authority's net assets and the changes in them. Net assets equal the difference between assets and liabilities. This is one way to measure the Ice Sheet Authority's financial position. Increases or decreases in the Ice Sheet Authority's net assets are one indicator of whether the financial position of the Ice Sheet Authority is improving or deteriorating.

Reporting the Ice Sheet Authority's Significant Fund

The Ice Sheet Authority has only one fund, which accounts for the activity of the Ice Sheet Authority. The entity-wide financial statements provide detailed information about the operations of the Ice Sheet Authority as a whole. The Ice Sheet Authority's only fund is operated as an enterprise fund. Enterprise funds are reported using the accrual accounting method, which records revenues when they are earned and expenses when they are incurred. There are no governmental type funds operated by the Ice Sheet Authority.

The Ice Sheet Authority as a Whole

The net assets of the Ice Sheet Authority changed by \$155,940 from a year ago, increasing from \$6,697,606 to \$6,853,546. The following analysis focuses on the net assets and changes in net assets of the Ice Sheet Authority's business activity.

Net Assets

	2006	2005
Current assets	\$ 510,144	\$ 592,718
Non-current assets		
Capital assets	9,096,231	9,486,867
Total assets	9,606,375	9,978,575
Current liabilities	502,829	550,971
Long-term liabilities	2,250,000	2,730,000
Total liabilities	2,752,829	3,280,971
Net assets:		
Invested in capital assets, net of related debt	6,366,231	6,205,857
Unrestricted	487,315	491,748
Total net assets	\$ 6,853,546	\$ 6,697,605

Net Assets of the Ice Sheet Authority are \$6,853,546. *Unrestricted* net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – are \$487,315. These net assets are used to finance the continuing operations of providing services to citizens within the Ice Sheet Authority's boundaries.

Revenues, Expenses, and Changes in Net Assets

	<u>2006</u>	<u>2005</u>
Operating revenues	\$ -	\$ 400
Operating expenses	<u>402,992</u>	<u>353,423</u>
Net operating income (loss)	(402,992)	(353,023)
Non-operating revenues (expenses)	<u>558,933</u>	<u>506,385</u>
Change in net assets	155,941	153,362
Net assets – beginning	<u>6,697,606</u>	<u>6,544,244</u>
Net assets – ending	<u>\$ 6,853,547</u>	<u>\$ 6,697,606</u>

Budgetary Highlights

The Ice Sheet Authority adopted a budget for the 2006 fiscal year with budgeted revenues of \$718,998, and budgeted expenditures of \$718,998.

Since the Ice Sheet Authority operates as an enterprise fund, it is only required to comply with the budget on an entity wide basis. Without any budget adjustments, the actual revenues exceeded budgeted amount by \$43,256. Actual charges to expenses were \$112,684 below the budgeted amount.

Capital Asset and Debt Administration

As of June 30, 2006, the Ice Sheet Authority had net capital assets of \$9,096,231.

Capital Assets

	<u>2006</u>	<u>2005</u>
Land	\$ 200,000	\$ 200,000
Building	10,320,247	10,320,247
Improvements	<u>446,204</u>	<u>446,204</u>
Total capital assets	10,966,451	10,966,451
Accumulated depreciation	<u>(1,870,220)</u>	<u>(1,580,594)</u>
Net capital assets	<u>\$ 9,096,231</u>	<u>\$ 9,385,857</u>

Long-Term Debt

At the end of the current year, the Ice Sheet Authority had total debt outstanding of \$2,730,000, all of which is a capital lease for the construction of the building.

	2006	2005
Capital Lease	<u>\$ 2,730,000</u>	<u>\$ 3,180,000</u>

Additional information on the Ice Sheet Authority's long-term debt can be found in the footnotes to this financial report.

ECONOMIC FACTORS

The non-operating revenues are the main source of revenue for the Ice Sheet Authority. These revenues come from Provo City Corporation and Utah County. Because of the stability of the revenue source, the Ice Sheet Authority should be unaffected by most typical economic factors.

REQUESTS FOR INFORMATION

The financial report is designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Ice Sheet Authority's finances and to demonstrate the Ice Sheet Authority's accountability. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Provo City Finance Office, attention Assistant Finance Director, 351 West Center Street, Provo, Utah, 84601.

BASIC FINANCIAL STATEMENTS

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY

STATEMENT OF NET ASSETS

JUNE 30, 2006

	2006	2005 (Memo only)
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ -
Accounts Receivable	89,820	179,496
Prepaid Lease	420,324	413,222
Total Current Assets	<u>510,144</u>	<u>592,718</u>
Non Current Assets		
Capital Assets:		
Land	200,000	200,000
Building	8,643,206	8,901,212
Improvements	253,025	284,645
Net Capital Assets	<u>9,096,231</u>	<u>9,385,857</u>
Total Non Current Assets	<u>9,096,231</u>	<u>9,385,857</u>
Total Assets	<u>\$ 9,606,375</u>	<u>\$ 9,978,575</u>
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 22,829	\$ 100,971
Current Portion Long Term Debt	480,000	450,000
Total Current Liabilities	<u>502,829</u>	<u>550,971</u>
Long-Term Liabilities		
Capitalized Lease	2,250,000	2,730,000
Total Long-Term Liabilities	<u>2,250,000</u>	<u>2,730,000</u>
Total Liabilities	<u>2,752,829</u>	<u>3,280,971</u>
Net Assets:		
Invested in Capital Assets (net of related debt)	6,366,231	6,205,857
Unrestricted	487,315	491,748
Total Net Assets	<u>\$ 6,853,546</u>	<u>\$ 6,697,605</u>

See accompanying notes to the financial statements.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	2006	2005 (Memo Only)
Operating Revenues		
Miscellaneous Income	\$ -	\$ 400
Total Operating Revenue	<u>-</u>	<u>400</u>
Operating Expenses		
Professional Fees	43,567	32,263
Depreciation	289,626	289,626
Insurance	18,837	28,941
Maintenance Fees	48,000	-
Miscellaneous	2,963	2,593
Total Operating Expenses	<u>402,993</u>	<u>353,423</u>
Operating Income	<u>(402,993)</u>	<u>(353,023)</u>
Non Operating Revenues (Expenses)		
Interest Revenue	23,686	5,480
Grants and Contributions	738,568	733,045
Service Fees on Debt	(1,425)	(3,295)
Interest Expense on Debt	(201,896)	(228,845)
Total Non Operating Revenue (Expense)	<u>558,933</u>	<u>506,385</u>
Net Income	<u>155,940</u>	<u>153,362</u>
Total Net Assets - Beginning	<u>6,697,606</u>	<u>6,544,244</u>
Total Net Assets - Ending	<u>\$ 6,853,546</u>	<u>\$ 6,697,606</u>

See accompanying notes to the financial statements.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2006

	2006	2005 (Memo Only)
Cash Flows From Operating Activities		
Receipts From Customers	\$ -	\$ -
Payments to Employees	-	-
Payments to Suppliers	(198,611)	(64,618)
Net Cash Flow Provided By Operating Activities	<u>(198,611)</u>	<u>(64,618)</u>
Cash Flows From Non-Capital and Related Financing Activities		
Grants and Contributions	828,246	553,549
Net Cash Flow From Non-Capital and Related Financing Activities	<u>828,246</u>	<u>553,549</u>
Cash Flows From Capital and Related Financing Activities		
Loan Payable	-	37,346
Fees on Capital Lease	(1,425)	(3,295)
Bond Payment	(450,000)	(425,000)
Interest Expense	(201,896)	(228,845)
Net Cash Flows From Capital and Related Financing Activities	<u>(653,321)</u>	<u>(619,794)</u>
Cash Flows From Investing Activities		
Interest Income	23,686	5,480
Net Increase in Cash and Cash Equivalents	-	(125,383)
Cash and Cash Equivalents - Beginning	-	125,383
Cash and Cash Equivalents - Ending	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income to Cash Flows from Operating Activities		
Cash Flows From Operating Activities		
Operating Income	\$ (402,993)	\$ (353,023)
Adjustments to Reconcile Operating Income to Net Operating Income to Net Cash Provided (Used) From Operating Activities		
Depreciation	289,626	289,626
(Increase) Decrease in Prepaid Expenses	(7,102)	(6,985)
Increase (Decrease) in Accounts Payable	(78,142)	5,764
Increase (Decrease) in Deferred Revenue	-	-
Total Adjustments	<u>204,382</u>	<u>288,405</u>
Net Cash Provided by Operating Activities	<u>\$ (198,611)</u>	<u>\$ (64,618)</u>

See accompanying notes to the financial statements.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Reporting Entity

The Provo City/Utah County Ice Sheet Authority (Ice Sheet Authority), a separate legal entity and political subdivision of the State of Utah, was formed by an agreement dated March 19, 1996, pursuant to the provisions of the Utah Interlocal Cooperation Act. The purpose of the Ice Sheet Authority is to provide for the funding, construction, joint use, control and operation of an ice sheet facility in Provo City, Utah County, Utah. The Ice Sheet Authority entered into a Development Agreement with Seven Peaks under which Seven Peaks designed and constructed the Ice Sheet under the direction and control of the Ice Sheet Authority.

The Governmental Accounting Standards Board (GASB) has set forth criteria in GASB Statement No. 14 to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Ice Sheet Authority to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Ice Sheet Authority. Based upon the application of the criteria established by GASB Statement No. 14, the Ice Sheet Authority has no component units and is a joint venture between Provo City and Utah County.

The Ice Sheet Authority is governed by a six-member board, with two members being members of the Board of County Commissioners of Utah County and the Utah County Attorney, and three members being the Provo City Mayor, a member of the City Council, and a person appointed by the Mayor. Board decisions are made by a majority of the members of a quorum of the Board of Directors.

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net assets, the statement of revenues, expenses and changes in net assets and the statement of cash flows. The Ice Sheet Authority is considered a special-purpose government engaged only in business-type activities. It is classified as a proprietary fund type and operates as an enterprise fund. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements of the Ice Sheet Authority consist of only an enterprise fund and neither fiduciary funds nor component units that are fiduciary in nature are included.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

NOTE 1 - (CONTINUED)

Basis of Accounting

Provo City/Utah County Ice Sheet Authority maintains its books and financial statements in conformity with generally accepted accounting principles as applicable to governmental units. The Ice Sheet Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Ice Sheet Authority is a proprietary fund and uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, and deposits with the State of Utah Public Treasurer's Investment Fund. Provo City/Utah County Ice Sheet Authority considers all cash and investments with maturities of 90 days or less from the date of purchase to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Ice Sheet Authority as assets with an individual cost of more than \$5,000. Improvements are capitalized and depreciated over the remaining useful life of the related fixed assets as applicable.

Depreciation of property and equipment is calculated on the straight-line method over the assets' estimated useful lives as follows:

Building	40 years
Improvements	7-20 years

Prepaid Items

Any payments on contract or for services beyond June 30, 2006 are recorded as prepaid items.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30,2006

NOTE 1 - (CONTINUED)

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Ice Sheet Authority's financial position and operation. The columns are captioned "memo only" to indicate that they are presented only to facilitate financial analysis.

Inventories

No significant inventories are maintained by the Ice Sheet Authority; therefore, none are reflected in these statements.

Accounts Receivable

Money due from Provo City or Utah County at year end (June 30th) are accrued and considered accounts receivable.

Revenues and Expenses

The Ice Sheet Authority distinguishes operating revenues and expenses separately from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Ice Sheet Authority's principal operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of Estimates

Presenting financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of assets, net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Ice Sheet Authority or through external restriction imposed by creditors, grantors or laws or regulations of other governments.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30,2006

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits and Investments

Deposits and investments for Provo City/Utah County Ice Sheet Authority are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). The Ice Sheet Authority deposits and investments are maintained by Provo City. Following are discussions of the Ice Sheet Authority's exposure to various risks related to its cash management activities as maintained by Provo City.

A. Custodial Credit Risk.

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Ice Sheet Authority's deposits may not be recovered. The Ice Sheet Authority's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the Ice Sheet Authority to be in a qualified depository, defined as any financial institution whose deposits are insured by any agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

B. Credit Risk.

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Ice Sheet Authority's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The Ice Sheet Authority is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The PTIF is unrated. +

C. Interest Rate Risk.

Interest rate risk is the risk that changes in the interest rates of debt investments will adversely affect the fair value of an investment. The Ice Sheet Authority manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

NOTE 3 - CAPITAL ASSETS

	June 30, 2005	Increase	Decrease	June 30, 2006
Capital Assets Not Being Depreciated:				
Land	\$ 200,000	-	-	\$ 200,000
Total Capital Assets Not Being Depreciated:	200,000	-	-	200,000
Capital Assets Being Depreciated:				
Building	10,320,247	-	-	10,320,247
Improvement	446,204	-	-	446,204
Total Capital Assets Being Depreciated	10,766,451	-	-	10,766,451
Less Accumulated Depreciation:				
Building	1,419,035	258,006	-	1,677,041
Improvement	161,559	31,620	-	193,179
Total Accumulated Depreciation	1,580,594	289,626	-	1,870,220
Total Net Capital Assets Being Depreciated	9,185,857	(289,626)	-	8,896,231
Total Net Capital Assets	<u>\$ 9,385,857</u>	<u>\$ (289,626)</u>	\$ -	<u>\$ 9,096,231</u>

NOTE 4 - CAPITAL LEASE

Capital leases consist of the following at June 30, 2006:

	<u>2006</u>
Building Lease -	
6-6.8% Provo City Municipal Building Authority	<u>\$2,730,000</u>

The assets acquired through capital lease is as follows:

	<u>Business Type</u>
Assets:	
Land, Building and Improvements	\$10,966,450
Less: Accumulated depreciation	<u>1,870,219</u>
Total	<u>\$ 9,096,231</u>

PROVO CITY/UTAH COUNTY ICE SHEET AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006

The preset value of the future minimum lease payments under the capital lease as of June 30, 2006 are:

<u>Year Ended June 30</u>	
2007	\$ 660,198
2008	659,237
2009	661,087
2010	660,390
2011	<u>656,820</u>
Total minimum lease payments	3,297,732
Less: amount representing interest	<u>567,732</u>
Current value of minimum lease payments	2,730,000
Less: amount due within one year	<u>480,000</u>
Amount due after one year	<u>\$2,250,000</u>

Changes in Long-Term Debt

	<u>2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>2006</u>	<u>One Year</u>
Capital Lease	\$3,180,000	-	\$450,000	\$2,730,000	\$480,000

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The City is involved in claims arising in the normal course of business. It is not possible to state the ultimate liability, if any, in these matters. In the opinion of management, such litigation will have no material effect on the financial operations of the City.

NOTE 6 - LEGAL COMPLIANCE BUDGETS

The budget for the fiscal year ending June 30, 2006, was approved and adopted by resolution or ordinance dated December 20, 2005. A public hearing, meeting the requirements specified in the Utah Code 11-35-113/114, was held on December 20, 2005. The budget was not amended during the year.

NOTE 7 - RISK MANAGEMENT

The Ice Sheet Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Ice Sheet Authority to purchase commercial insurance for these risks or maintains risk at the Ice Sheet Authority level. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A minimal deductible applies to these policies that the Ice Sheet Authority pays in the event of any loss. Insurance settlements have not exceeded insurance coverage during the last three years.

SUPPLEMENTARY REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Board of Trustees
Provo City/Utah County Ice Sheet Authority

November 14, 2006

We have audited the accompanying financial statements of the business-type activities of Provo City/Utah County Ice Sheet Authority for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered Provo City/Utah County Ice Sheet Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal controls over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Provo City/Utah County Ice Sheet Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Provo City/Utah County Ice Sheet Authority Board Members, and Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties.


GILBERT & STEWART
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
ON LEGAL COMPLIANCE WITH
APPLICABLE UTAH STATE LAWS AND REGULATIONS**

Board of Directors
Provo City/Utah County Ice Sheet Authority

November 14, 2006

We have audited the accompanying financial statements of the business-type activities of Provo City/Utah County Ice Sheet Authority for the year ended June 30, 2006, and have issued our report thereon dated November 14, 2006. Our audit included test work on the Ice Sheet Authority's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

Cash Management
Purchasing Requirements

Budgetary Compliance
Other General Issues


The management of the Provo City/Utah County Ice Sheet Authority is responsible for the Ice Sheet Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Ice Sheet Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Provo City/Utah County Ice Sheet Authority complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2006.

This report is intended solely for the information of management and the Utah State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.


GILBERT & STEWART
Certified Public Accountants